

Infrastructure Advisory Commission May 26, 2009

City of
Indianapolis
Gregory A. Ballard, Mayor





Agenda

- Introduction: Mayor Gregory A. Ballard
- Advisory Commission Members
- Infrastructure Challenges
- Next Steps



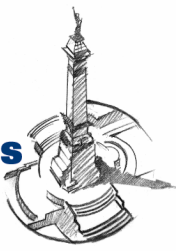
The Opportunity

- Local government, the business community, the non-profit community and the citizens of Indianapolis have an opportunity to provide a first-class future for generations of Indianapolis-Marion County residents.
- Indianapolis-Marion County's unique strengths include (but are not limited to):
 - History of civic participation and cooperation
 - Affordable cost of living
 - Major-city amenities and a high quality of life



Commission Members

- Bill Blomquist, IUPUI School of Liberal Arts
- Patty Martin, Eli Lilly & Co.
- Todd Stuart, Stuart's Moving and Storage
- Mike Hudson, IPOWER Energy Systems



Challenging Times

- Homeowners face economic stress and business owners' costs increase, threatening jobs.
- Residences and businesses face the prospect of utility rate increases of significant proportions.
 - The EPA Consent Decree binds the City to approximately \$1.7 billion (in 2004 dollars) of sewer improvements through 2025.
 - Complementary improvements, like septic remediation, require another \$1.8 billion in capital spending.
- Sewer and Stormwater rates/fees could increase over 400% by 2025.



Challenging Times

- City has other large capital needs with significant cost consequences.
 - Reduced capital purchases in recent years – including vehicles – threaten basic City services.
 - Lack of street improvements has created a funding gap of \$460 million for immediate needs.
- Approximately \$5 billion of future needs face City residents—which would double existing debt.



Extensive Future Capital Needs

- **\$3.5 Billion** Wastewater Infrastructure (2004 \$'s)
 - **\$1.7 Billion** needed to implement federally mandated LTCP.
 - **\$1.8 Billion** needed for non-mandated sanitary improvements including Septic Tank Elimination Program (STEP).
- **\$300 Million** Stormwater Management – significant drainage issue.
- Significant construction inflation (fuel, asphalt, etc.) impacts cost of capital.



Heating Bills to Rise 15% to 25% this Winter

*Natural gas utilities passing along jump in
wholesale prices; you'll pay \$100 to \$170 more*

Indianapolis Star, September 18, 2008

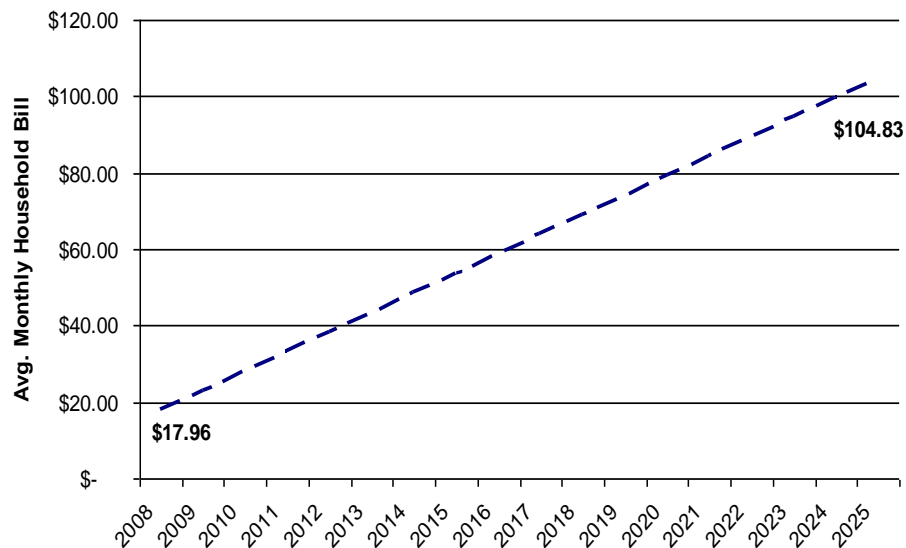
Sewer Rate May Nearly Double Mayor to propose \$435 million fix for system

Indianapolis Star, October 3, 2005

Water Bills may rise sharply

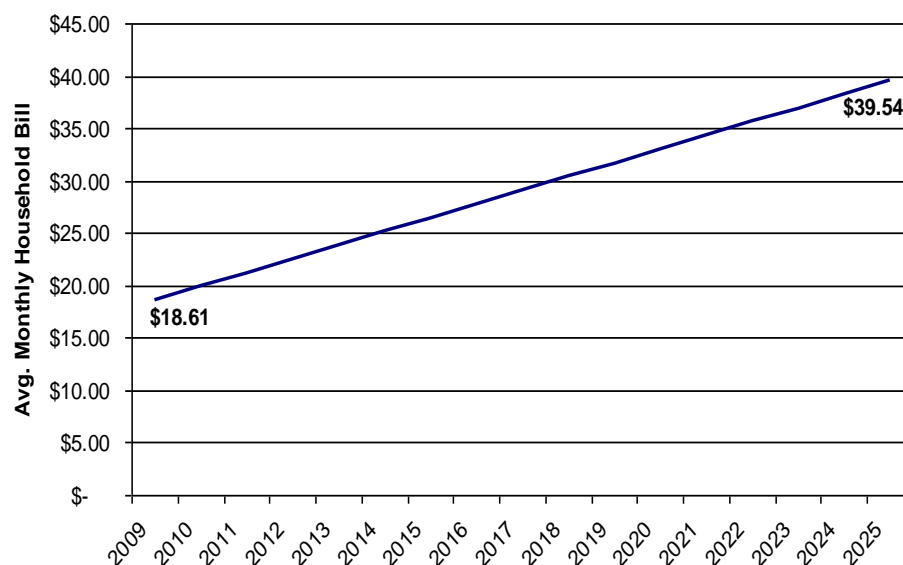
Indianapolis Star, February 16 2007

Sewer Rate Model



Source: DPW. Year-to-year rate increases may vary based on construction schedules and cost of capital.

Water Rate Model



Source: DOW operating and capital projections through 2012. Assumptions beyond 2012: 3% annual revenue growth, 2.5% annual growth in operating expenses, total capex of \$69 million in 2012 growing at 2.5% thereafter



Water System Challenges

- \$928M total debt *(after refunding 2005G series bonds)
- 1999-2007 – no water rate increase
- Anticipated 5-year Capital Expenditures (2010-2014) = \$557.5M (including):
 - Growth-related infrastructure \$225,000,000
 - Regulatory upgrades \$150,000,000
 - Main reinforcements \$75,000,000



Transportation Challenges

- Most facilities were expected to last 50-60 years and are now in need of repair or replacement.
- Inadequate maintenance coupled with natural deterioration is making improvement efforts even more difficult today.
- Material costs are increasing. Since 2005 the cost of asphalt used for street paving increased 92%. Streets, curbs and sidewalks are crumbling and deteriorating.
 - 16% of thoroughfares are in poor, very poor or failing condition.
 - 13% of residential streets are in poor, very poor or failing condition.



Transportation Challenges

- More than \$1.5 billion is needed to improve and maintain the transportation infrastructure to acceptable condition.

<input type="checkbox"/> Streets	\$175,000,000
<input type="checkbox"/> Bridges	\$291,200,000
<input type="checkbox"/> Curbs & sidewalks	\$970,400,000
<input type="checkbox"/> Culverts	\$ 45,800,000
<input type="checkbox"/> Alleys	\$ 64,600,000
<input type="checkbox"/> Circle and Market St	\$ 16,000,000



Parks Infrastructure

- Significant capital is needed to return City's parks to acceptable condition, which includes:

<input type="checkbox"/> Swimming Pools	\$9,500,000
<input type="checkbox"/> Playground Equipment	\$9,000,000
<input type="checkbox"/> Parking Lots & Roads	\$5,000,000
<input type="checkbox"/> Basketball Courts	\$3,000,000



Other Capital Needs

- Vehicle replacement (\$65M for one-time replacement to make up for low replacement 2002-2007)
- Improved bus service
- Local investment in mass transit/light rail to secure Federal funding
- Abandoned homes remediation funds



Federal Stimulus Funding

- **Department of Public Works (MPO):**
 - \$5M (Bridge Repair)
 - \$17.9M (Street Repair)
 - \$3M (Wastewater)
- **Neighborhood Stabilization Program (NSP) Funding: \$29M**
- **IndyGo:**
 - \$9M (Repairing/replacing facility infrastructure)
 - \$7M (Vehicle Procurement)
- **Energy Efficiency and Conservation Block Grant (EECBG): \$8M**
- **More information available at indy.gov/stimulus**



“A Drop in the Bucket”



Federal Stimulus Impact



Infrastructure Needs



Commission's Role

- Review potential long-term solutions to Indianapolis-Marion County's critical infrastructure issues.
- Provide recommendations to Mayor Ballard to improve Indianapolis-Marion County infrastructure, with a goal of preserving both a high quality of life and affordable cost of living.



Commission's Role

- Challenge conventional wisdom.
- Solicit feedback from citizens.
- Review both national and international models and contemporary approaches for financing infrastructure improvements, and their applicability to Indianapolis.

Administration Roles



- Mayor Greg Ballard – Executive Sponsor
- Michael Huber, Director of Enterprise Development – prepare all content and analysis for Commission
- Chris Cotterill, Corporation Counsel – coordinate all legal analysis
- Robert Vane, Deputy Chief of Staff – manage strategic communications
- David Sherman, Director of Public Works – engineering/public works advisor
- David Wu, Policy Director- policy advisor
- Kevin Taylor, Director, Indianapolis Local Public Improvement Bond Bank – financial advisor
- John Cochran, Special Counsel – liaison to City-County Council



Next Steps

- Invite citizen input
- Continue to explore all Federal sources
- Continue to explore new methods of contracting
- Continue to explore new methods of financing
- Engage the local industries in solution
- Engage economic development groups
- Stress cost-benefit approach to solutions
- Future public meetings
- Please e-mail questions and ideas to mhuber@indy.gov